

PROJECT BUILD A FUTURE, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 21 2011

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McMullen and Mancuso

Certified Public Accountants, LLC

P.O. Box 202

Lisa F. McMullen, CPA

3600 Maplewood Drive

Telephone (337) 625-5054

Pamela C. Mancuso, CPA

Sulphur, Louisiana 70663

Fax (337) 625-5849

INDEPENDENT AUDITORS' REPORT

Board of Directors
Project Build A Future, Inc.
Lake Charles, Louisiana

We have audited the accompanying statement of financial position of Project Build A Future, Inc. (a non-profit organization) as of December 31, 2010 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2009 financial statements and, in our report dated August 11, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Project Build A Future, Inc. as of December 31, 2010 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 9, 2011 on our consideration of Project Build A Future, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso, CPAs

May 9, 2011

Members

American Institute of Certified Public Accountants
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PROJECT BUILD A FUTURE, INC.

STATEMENT OF FINANCIAL POSITION

**For the Year Ended December 31, 2010
with comparative totals for December 31, 2009**

	ASSETS	
	<u>2010</u>	<u>2009</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 148,225	\$ 52,839
Cash and Cash Equivalents - AHPP	10,435	47,864
Grants Receivable - City of Lake Charles	44,678	-
Grants Receivable - AHPP	-	62,500
Total Current Assets	<u>203,338</u>	<u>163,203</u>
PROPERTY AND EQUIPMENT		
Equipment	1,907	600
Less Accumulated Depreciation	(334)	(100)
Construction in Progress	82,751	118,747
Land	40,283	23,504
Land - AHPP	441,985	449,181
Residential Properties - AHPP	2,357,224	-
Net Property and Equipment	<u>2,923,816</u>	<u>591,932</u>
Total Assets	\$ <u>3,127,154</u>	\$ <u>755,135</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payroll Taxes Payable	\$ 1,681	\$ -
Note Payable - First Federal Bank	-	92,125
Escrow Funds for Rent, Deposits - AHPP	32,310	-
Total Current Liabilities	<u>33,991</u>	<u>92,125</u>
NET ASSETS		
Unrestricted	129,532	65,165
Temporarily Restricted	2,963,631	597,845
Total Net Assets	<u>3,093,163</u>	<u>663,010</u>
Total Liabilities and Net Assets	\$ <u>3,127,154</u>	\$ <u>755,135</u>

The accompanying notes are an integral part of these statements

PROJECT BUILD A FUTURE, INC.

STATEMENT OF ACTIVITIES

**For the Year ended December 31, 2010
with comparative totals for 2009**

	<u>2010</u>			<u>2009</u>
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>TOTAL</u>
PUBLIC SUPPORT AND REVENUES				
Sales to Homeowners	\$ 445,000	\$ -	\$ 445,000	\$ 105,000
Grants	-	178,018	178,018	88,405
Government Grant - AHPP	-	-	-	239,635
Contributions	26,478	90,000	116,478	3,418
Contributions - Louisiana Land Trust	-	26,000	26,000	-
Contributions - AHPP	-	450	450	333,375
Contributed Capital - AHPP	-	2,357,234	2,357,234	-
In-kind Contributions	11,060	-	11,060	150
Interest Income	134	-	134	75
Miscellaneous Income	511	14,283	14,794	-
Total Public Support and Revenues	<u>483,183</u>	<u>2,665,985</u>	<u>3,149,168</u>	<u>770,058</u>
Net Assets Released from Restrictions:	<u>191,360</u>	<u>(191,360)</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Support	674,543	2,474,625	3,149,168	770,058
EXPENSES				
Program Service				
Construction, Supervision, and Support	598,205	-	598,205	185,752
Alternative Housing Pilot Program	-	95,613	95,613	15,251
Management and General	11,971	-	11,971	5,996
Total Expenses	<u>610,176</u>	<u>95,613</u>	<u>705,789</u>	<u>206,999</u>
CHANGE IN NET ASSETS	64,367	2,379,012	2,443,379	563,059
NET ASSETS AT BEGINNING OF YEAR, AS ORIGINALLY REPORTED	65,165	597,845	663,010	93,837
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>(13,226)</u>	<u>-</u>	<u>6,114</u>
NET ASSETS AT BEGINNING OF YEAR, AS RESTATED	<u>65,165</u>	<u>584,619</u>	<u>649,784</u>	<u>99,951</u>
NET ASSETS AT END OF YEAR	<u>\$ 129,532</u>	<u>\$ 2,963,631</u>	<u>\$ 3,093,163</u>	<u>\$ 663,010</u>

The accompanying notes are an integral part of these statements

PROJECT BUILD A FUTURE, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2010
with comparative totals for 2009

	Program Services		Supporting Services	Total Services	Total Services
	Construction Supervision and Support	Alternative Housing Pilot Program	Management and General	2010	2009
Accounting	\$ 7,070	\$ 2,378	\$ 1,768	\$ 11,216	\$ 9,523
Administrative Fees	-	14,306	-	14,306	-
Appraisal Fees	-	-	-	-	1,050
Bank Service Charges	82	-	20	102	2
Cost of Construction	423,856	-	-	423,856	117,119
Costs of Construction after Sale	1,456	-	-	1,456	-
Contract Services	-	-	-	-	33,436
Credit Restoration	-	-	-	-	195
Down Payment Assistance	87,120	-	-	87,120	25,000
Forfeited Deposits	-	-	-	-	300
Insurance	3,322	27,477	830	31,629	-
Interest	2,208	-	-	2,208	-
Lawn Services	1,490	12,811	-	14,301	8,449
Licenses and Taxes	-	-	-	-	122
Marketing Costs	-	-	-	-	845
Meals and Entertainment	207	-	52	259	-
Miscellaneous	7	35	-	42	109
Office Expense and Supplies	986	-	248	1,234	1,789
Payroll Taxes	4,068	-	452	4,520	-
Professional Development	804	-	201	1,005	75
Rent	8,688	-	2,172	10,860	-
Rental Insurance	-	-	-	-	5,027
Repairs and Maintenance	-	11,120	-	11,120	200
Salaries and Wages	49,274	-	5,745	55,019	-
Security	-	14,573	-	14,573	-
Survey Costs	-	-	-	-	535
Supplies	-	586	-	586	-
Telephone	280	-	70	350	605
Travel	1,463	169	366	1,998	607
Utilities	-	12,158	-	12,158	-
Volunteer Expenses	5,637	-	-	5,637	1,911
Total Functional Expenses Before Depreciation and Discounts	598,018	95,613	11,924	705,555	206,899
Depreciation Expense	187	-	47	234	100
Total Functional Expenses	\$ 598,205	\$ 95,613	\$ 11,971	\$ 705,789	\$ 206,999

The accompanying notes are an integral part of these statements

PROJECT BUILD A FUTURE, INC.

STATEMENT OF CASH FLOWS

**For the Year ended December 31, 2010
with comparative totals for 2009**

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,443,379	\$ 563,059
Adjustments to Reconcile Change in Net Assets to Net		
Cash Provided (used) by Operating Activities:		
Depreciation	234	100
Contributed Capital - AHPP	(2,357,224)	
Net (Increase) Decrease in:		
Grants Receivable	17,822	(62,500)
Houses Under Construction	28,642	(1,832)
Net Increase (Decrease) in:		
Retainage Payable	-	(8,150)
Payroll Taxes Payable	1,681	-
Escrow Funds Held - AHPP	<u>32,310</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	166,844	490,677
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	(1,307)	(600)
Payment of Expenses on Lots	-	(3,190)
Purchase of Land - Franklin St. Lots	(9,426)	
Purchase of Land - AHPP	<u>(6,029)</u>	<u>(449,181)</u>
Net Cash Provided (Used) by Investing Activities	(16,762)	(452,971)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on First Federal Bank Financing	(151,503)	(73,350)
Proceeds from First Federal Bank	59,378	92,125
Payments on LHCDL Financing	(97,075)	-
Proceeds from LHCDL	<u>97,075</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>(92,125)</u>	<u>18,775</u>
Net (Increase) Decrease in Cash and Cash Equivalents	57,957	56,481
Cash and Cash Equivalents, Beginning of Year	<u>100,703</u>	<u>44,222</u>
Cash and Cash Equivalents, End of Year	\$ <u>158,660</u>	\$ <u>100,703</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid for Interest During the Period	\$ <u>2,208</u>	\$ <u>4,217</u>

NONCASH INVESTING ACTIVITIES

Through its cooperative endeavor with the Louisiana Recovery Authority (AHPP), the Organization acquired residential properties valued at \$2,357,224 as contributed property.

The accompanying notes are an integral part of these statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2010

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Project Build a Future, Inc. have been prepared on the accrual basis and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its audit guide for voluntary health and welfare organizations.

1. Organization and Purpose

Project Build a Future, Inc. ("the Organization") is a non-profit corporation committed to building and selling quality, affordable housing. The program began in 2001 as a ministry of Sacred Heart Church in Lake Charles, Louisiana with a mission to improve and beautify the area surrounding Sacred Heart Church. The Organization was established as a separate 501(c) (3) and built its first home in 2004. In 2006, the Organization began planning additional projects to truly make a difference in the wakes of Hurricanes Rita and Katrina.

2. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification 958-205-05-6. Under this reference, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

3. Cash and Cash Equivalent

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

5. Property and Equipment

The Organization follows the practice of capitalizing all furniture and fixtures acquired in excess of \$250. Donated fixed assets are recorded as support at their estimated fair value at the date of donation; all other fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation amounted to \$234 for the year ended December 31, 2010, based on an estimated useful life of five (5) to ten (10) years for equipment. Maintenance, repair costs, and minor replacements are charged to expense as incurred.

The land valued at \$40,283 represents the property owned by the Organization at 1422 Iowa Street, 2105 E. Mill Street, 406 Goos, 421 S. Cherry Street, and 628, 708, and 710 Franklin Street in Lake Charles, Louisiana. The land valued at \$441,985 is owned by the Organization for the Alternative Housing Pilot Program.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2010

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Public Support and Revenue

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily restricted or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Temporarily restricted contributions are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

7. Houses Under Construction and Real Estate Owned

Real estate, building materials, and labor are recorded at cost when payment is made or at estimated fair market value when donated.

8. Contributed Services

A substantial number of volunteers have made significant contributions of their time to Project Build A Future, principally in the areas of house construction and administration. The value of non-professional contributed time is not reflected in the accompanying financial statements. However, Project Build A Future, values donated professional service based on the market value of the service being provided.

9. Income Taxes

Project Build A Future, Inc. was incorporated under the laws of the state of Louisiana. The Organization is operated exclusively for charitable services and has qualified for the exemption from Federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509 (a) of the Code.

10. Advertising Costs

Advertising and marketing costs are charged to operations when incurred. For the year ended December 31, 2009, the Organization incurred \$845 in advertising and marketing costs. No costs were incurred during 2010.

11. Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2010

NOTE B – COOPERATIVE ENDEAVOR AGREEMENT

On April 6, 2009, the Organization and Habitat for Humanity Calcasieu Area, Inc. entered into a cooperative endeavor agreement with the State of Louisiana, Division of Administration, Louisiana Recovery Authority where as the State agreed to partner with both Agencies to build single family housing units designed as part of the Alternative Housing Pilot Program (AHPP) units on properties owned by both Agencies. The State provided funding of \$419,079 of AHPP funds to both Agencies for the purchase of thirty six (36) lots upon which AHPP units would be constructed. The State entered into a Developer Service Agreement with another party to develop and construct the housing units on these lots owned by both Agencies. The two (2) Agencies would be the initial owners of all AHPP properties that were specifically constructed in Calcasieu Parish, Louisiana for sale to third parties. The two (2) Agencies will also retain the sales proceeds of the housing units and must use those proceeds for affordable home ownership programs for low and moderate-income people, in conformity with the mission of both Agencies.

The total costs associated with the lots were \$441,985. The amount of grant funds received through the cooperative endeavor in 2009 from the Louisiana Recovery Authority was \$528,605, with \$239,635 allocated to this Organization based upon the allocation of properties. Additionally, through this program, Conoco Phillips donated \$667,750 in 2009, of which this Organization's share was \$333,375, based on its share of the lots purchased with the proceeds. All other revenue and expenses under the AHPP are allocated equally between this Organization and Habitat for Humanity Calcasieu Area, Inc., unless it is for a specific property allocated to that Organization.

The fair values of the homes are recorded when the Organization completes observations of the units and accepts responsibility, then takes possession of the homes. As of December 31, 2010, the Organization had taken possession of fourteen (14) of these homes valued at \$1,132,233. The properties in the Fields Subdivision owned by the Organization include sixteen (16) homes valued at \$1,225,001. The costs for the homes are dependent upon the square footage of the property and are recorded at fair value as they are contributed to the Organization by the Louisiana Recovery Authority.

NOTE C – FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, short-term unconditional promises to give, and notes payable: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

NOTE D – FUNCTIONAL ALLOCATION OF EXPENSES

Expenses were allocated in the accompanying financial statements to program and support services functional expense groups. The methods of allocation were based on the Organization's estimates of the relative proportion of various staff members' time and effort between program and support services as well as the Organization's estimates of the amount of each expense utilized for program or support service functions.

Project Build a Future, Inc.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE E – CASH AND CASH EQUIVALENTS

	December 31, 2010
Operating Account	\$ 116,422
Escrow Account	740
Rental Account	31,063
* AHPP Operations Account	10,435
	<u>\$ 158,660</u>

* The balance in this joint checking account represents the Organization's share of funds received and expended at December 31, 2010.

NOTE F - HOUSING ACTIVITIES

During the year ended December 31, 2010, Project Build A Future started four (4) new houses. Completed houses were either sold at cost or held in inventory at cost, as real estate owned, pending sale. At December 31, 2010, the Organization had two (2) houses under construction on land owned by the Organization. Sales of houses were \$445,000 during the year ended December 31, 2010.

NOTE G - COMPENSATED ABSENCES

The Organization does not provide for paid vacation or sick leave.

NOTE H – NOTES PAYABLE

The Organization entered into two (2) lines of credit with First Federal Bank on August 13, 2009, each for \$85,000, to construct affordable homes. The interest rates are both fixed at 5.50%, with terms on the credit line to begin as of the date of the agreement and will continue until the credit line was due on August 13, 2010. The lines of credit were secured by real estate at 318 Bank Street and 417 Louisiana Avenue. At December 31, 2009, the Organization owed \$92,125 on the lines of credit and had \$77,875 available.

As of December 31, 2010, there was no balance on the lines of credit with First Federal Bank.

NOTE I – CONCENTRATION OF REVENUE AND SUPPORT

The Organization, in partnership with Habitat for Humanity Calcasieu Area, Inc. received funding for the Alternative Housing Pilot Program through grants and corporate donations. In 2009, the total grant from the Louisiana Recovery Authority was \$528,605, of which \$239,635 was the Organization's share for the purchase of land and other related costs. Also in 2009, the donation from Conoco Phillips for the program totaled \$666,750, of which \$333,375 was the amount allocated to the Organization for their share of the properties.

Much of the other revenue for the Organization's programs is provided by various donors through grants and contributions. A reduction in these amounts could adversely impact the operations of the Organization.

Project Build a Future, Inc.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2010

NOTE J – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2010 are available for the following uses:

Purpose and time restrictions - AHPP	\$ 2,807,953
Purpose and time restrictions - City of Lake Charles	
2009 Grant allocation	44,678
Purpose and time restrictions - Conoco funds	85,000
Purpose and time restrictions - Louisiana Land Trust properties	26,000
Total temporarily restricted net assets	<u>\$ 2,963,631</u>

NOTE K – INTEREST COST

The Organization capitalizes interest cost as a component of the cost of construction in progress. The amount of interest cost incurred during 2010 was \$2,208.

NOTE L – IN KIND CONTRIBUTIONS

Contributed services and space are recognized both as support and expenses and therefore do not affect the Organization's net assets. In kind contributions received during the year ended December 31, 2010 consist of contributed office space, which is valued at \$10,860.

NOTE M – SUBSEQUENT EVENT

Subsequent events were evaluated through May 9, 2011 which is the date the financial statements were available to be issued.

NOTE N – PRIOR PERIOD ADJUSTMENT

The Organization exchanged certain AHPP properties with Habitat for Humanity Calcasieu Area, Inc. that were recorded in the prior year. This resulted in a decrease of \$13,226 to temporarily restricted net assets at December 31, 2010.

McMullen and Mancuso

Certified Public Accountants, LLC

P.O. Box 202

Lisa F. McMullen, CPA

Pamela C. Mancuso, CPA

3600 Maplewood Drive

Sulphur, Louisiana 70663

Telephone (337) 625-5054

Fax (337) 625-5849

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Project Build A Future, Inc.
Lake Charles, LA

We have audited the financial statements of Project Build A Future, Inc. as of and for the year ended December 31, 2010, and have issued our report thereon dated May 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Project Build A Future, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will be not prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings to be material weaknesses [2010-1 and 2010-2].

Members

American Institute of Certified Public Accountants
Louisiana Society of Certified Public Accountants

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Project Build A Future, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

Project Build A Future, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Project Build A Future, Inc.'s response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs

May 9, 2011

Project Build A Future, Inc.

SCHEDULE OF FINDINGS

Year Ended December 31, 2010

We have audited the financial statements of Project Build A Future, Inc. for the year ended December 31, 2010, and have issued our report thereon dated May 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2010 resulted in an unqualified opinion.

Section I – Summary of Auditor's Report

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☒ Yes ☐ No Other Conditions ☐ Yes ☒ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

Section II – Financial Statement Findings

2010-1 The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the Organization's financial transactions or preparing its financial statements, including related notes.

2010-2 During the audit, we recommended several adjusting journal entries. Substantially all of the entries were to make accruals and other adjustments required in the annual closing process. The bookkeeper should determine that all transactions have been recorded and posted and review the transactions for completeness by scanning the ending balances and transactions posted to each general ledger account. The auditors will assist in preparing entries that were not performed.

Project Build A Future, Inc.

SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2010

Ref No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken
Section I - Internal Control and Compliance Material to the Financial Statements:			
2009-1	2009	The Organization did not complete and submit the report within six (6) months of the close of the fiscal year to the Louisiana Legislative Auditor.	Resolved

Section II - Management Letter:

N/A

This schedule is prepared by management.

Project Build A Future, Inc.

CURRENT YEAR FINDINGS, RECOMMENDATIONS AND CORRECTIVE ACTION PLAN

Year Ended December 31, 2010

<u>Ref No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
<u>2010-1</u>	2010	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the Organization's financial transactions or preparing its financial statements, including related notes.	No	The Organization has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined it is best to continue to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Nicole Miller	N/A
<u>2010-2</u>	2010	We recommended several adjusting journal entries. Substantially all of the entries were to make accruals and other adjustments required in the annual closing process.	No	The bookkeeper will make accruals and other adjustments required in the annual closing process.	Nicole Miller	12/31/2011